

Annual Report  
1975-76

SUQUIP





## Directors

Bernard Cloutier — Chairman of the Board  
Fernand Girard — Secretary  
André Marier — Director  
Jacques Delisle — Director  
Jacques Fortier — Director

## Officers

Bernard Cloutier — President, Chief Executive Officer  
Fernand Girard — Manager of Technical & Administrative Services  
Jacques Plante — Exploration & Production Manager

## Heads of divisions

Frank Aubin — Land  
Dr Frederik Van Oyen — Geology  
Claude Bernard Anger — Geophysics  
André Vaillancourt — Operations  
Francine Beaulieu — Documentation  
Gilles Dion — Drafting  
Jacques Charpentier — Accounting  
Jean De Grasse — Purchasing & Equipment

## Technical consultants

Bureau d'études industrielles et de coopération de l'Institut Français du Pétrole, Paris  
Cole Engineering Ltd., Calgary  
Grant Trimble Engineering Ltd., Calgary  
Last & Kloepfer Ltd., Calgary  
Thornton Engineering Ltd., Calgary  
Van Poolen & Associates, Denver  
Westburne Petroleum Services Ltd., Calgary  
Jacques Rochette, é.a., Québec

## Legal advisors

Létourneau, Stein, Marseille, Delisle & LaRue, Québec  
Field Hyndman, Edmonton

## Auditors

Bureau du Vérificateur Général, Québec:  
balance sheet  
Samson, Bélair, Côté, Lacroix & Associés,  
Québec: operations report to associates

## Joint operations associates

Amoco Canada Petroleum Company Ltd.  
Aquitaine Company of Canada Ltd.  
Augdome Corporation Ltd.  
Calso Partners Ltd.  
Canada Cities Service Ltd.  
Cessland Corporation Ltd.  
Clark Oil Producing Ltd.  
CNG Development Company Ltd.  
Les Développements Aigle d'Or Ltée  
Fort Norman Exploration Inc.  
Francana Oil & Gas Ltd.  
Getty Oil (Maritime) Ltd.  
Hudson's Bay Oil & Gas Co. Ltd.  
Husky Oil Operations Ltd.  
Kerr McGee of Canada Northwest Ltd.  
L.L. & E. Canada Ltd.  
Murphy Oil Company Ltd.  
Pan Canadian Petroleum Ltd.  
Pan Mackenzie Petroleum Ltd.  
Petrofina Canada Ltd.  
Les Pétroles Laduboro Ltée  
Prudential Funds Inc.  
Resolute Petroleum Ltd.  
Scurry-Rainbow Oil Ltd.  
Shawnee Petroleum Ltd.  
Sisque Company Ltd.  
Société Acadienne de Recherche  
Pétrolière Ltée (Texaco Exploration Ltd.)  
Texas Pacific Oil Company Inc.

## Associated by royalties

Anco Exploration Ltd.  
Baramy Investments Ltd.  
Canden Resources Ltd.  
Consolidated Bathurst Ltd.  
Consolidated Developments Ltd.  
Dynalta Oil & Gas Co. Ltd.  
Les Explorations Terra Nova Ltée  
Gulf Oil Canada Ltd.  
H. Westmore Consulting Ltd.  
Pan Ocean Oil Ltd.  
Shell Canada Ltd.  
Shell Explorers Ltd.  
Shell Québec Ltée  
Siebens Oil & Gas Ltd.

## Gas initiatives venture Ltd.

Algash Mineral Enterprises Ltd.  
Many Islands Pipe Line Ltd.  
Société Québécoise d'Initiatives Pétrolières.

# President's statement

In its sixth year, SOQUIP has carried out its first sale of hydrocarbons and has announced its first natural gas discovery in Québec.

SOQUIP's first production revenues which amount to only \$143,000 this year result from the Company's recent activities in Alberta. These modest revenues will grow as our Alberta gas properties are developed to yield an appropriate return on our investment in that province. This natural gas will be brought to Québec to satisfy the requirements of SIDBEC's Contrecoeur steel plant.

The St. Flavien and Villeroy gas discoveries near Québec City are the first concrete results of a long exploration effort of Québec's sedimentary basins where SOQUIP has invested most of its resources since its creation; over 17 million dollars compared to 5 million in the Maritimes and 1.5 million in the West.

Sale of this Québec gas at the announced production rate of 5 million cubic feet per day would bring an annual after royalty revenue of about 2 million dollars if Québec has an extended gas distribution network as do the Western Provinces and Ontario. It is therefore of prime importance for SOQUIP that a gas distribution system be soon established in the Québec metropolitan area to bring the discovered gas to market and justify accelerated drilling of development wells in the St. Flavien and Villeroy fields and intensified exploration of other parts of the Lowlands where similar fields could be found.

In a more overall view we feel that it would be in the interest of all Canadians that the use of natural gas be increased as rapidly as possible in Canada at the expense of oil and particularly of imported oil.

It is widely recognized that Eastern Canada's dependency on growing oil imports has a number of serious short and medium term disadvantages related mainly to the balance of payments of Canada and to a possible new embargo on OAPEC oil. Moreover a reduction of Canada's oil imports would be a contribution to the International Energy Agency's efforts.

Statistical analysis of the world oil reserves, of new oil discovery rates and of probable future world oil demand indicates that the long term availability of crude oil on the world international trade markets is not as secure as would suggest the present excess of supply over demand in these markets. Various authors predict a tightening of supply in a decade.

In fact, Canada's latest policy statement "An Energy Strategy For Canada", dealing with the next 15 years, calls for a reduction of oil imports and places the emphasis on the importance for Canada to rely on its own energy resources which are to be carefully husbanded by an appropriate conservation effort.

Apart from hydro-generated electricity which has the considerable advantage of being renewable, the inventory of Canadian resources on which we should primarily rely upon in the coming decades, show hydro-carbon energy reserves of about equal importance in the form of gas and in the form of oil, as well in the presently available category ( $57 \times 10^{15}$  BTU of proved and probable gas vs  $53 \times 10^{15}$  BTU of proved and probable oil) as in the eventually available category ( $185 \times 10^{15}$  BTU of frontier gas vs  $180 \times 10^{15}$  BTU of synthetic oil).

However, notwithstanding this equivalence of energy reserves, Canada extracts each year from its territory two times more oil energy ( $4.3 \times 10^{15}$  BTU) than gas energy ( $2.4 \times 10^{15}$  BTU) while, since 1970, the average annual oil finding rate ( $0.7 \times 10^{15}$  BTU) is only one fifth of the gas finding rate ( $3.5 \times 10^{15}$  BTU). The result is that our oil reserves are declining while our gas reserves are growing.

In spite of this, Canadians continue using three times more oil energy ( $3.8 \times 10^{15}$  BTU) than gas energy ( $1.4 \times 10^{15}$  BTU).

We feel that coherence with a self-reliance policy would imply that vigorous specific measures be taken to relate our use of energy more closely to our own resources by increasing the share of gas in the Canadian energy balance. This would only accelerate the trend towards an increased use of gas whose share of Canada's energy balance has doubled, from 13% in 1960 to 26% in 1975.

We are aware that an accelerated switch to gas will create a number of problems, but we feel that a new orientation towards gas use should be clearly stated and that the difficulties related to price structure, to gas availability, and to transportation and distribution facilities should be aggressively dealt with, without delay.

The gas price structure should be such that gas sold to various Canadian consumers be competitive at the burner tip with the various petroleum products it could replace, so that thousands of individual decisions be taken to switch from oil to gas. It should also provide the producers with a real incentive to motivate them to accelerate the development of known fields, particularly now to increase deliverability from these fields until sufficient quantities of frontier gas are made available to Canadian markets.

In our point of view, availability of Canadian gas to Canadian markets should be given priority over exports, particularly over the next five to ten years during which continued exports could create shortage in Canada. Moreover we fail to see the advantages gained by exporting gas BTU's at a lower price than the landed cost of imported oil BTU's.

Finally, if, in this Canadian outlook, it is desired to significantly increase the use of gas over the next decade, distribution networks should be built and extended in areas where the gas share of the energy market is low. Considering that gas provides 59% of energy used in Alberta, 44% in Saskatchewan, 33% in Manitoba and British Columbia, 29% in Ontario and only 5% in Québec, it is principally in this last province that an effort should be made in the coming years to make gas competitively available to consumers particularly since most of the imported oil is used in Québec.

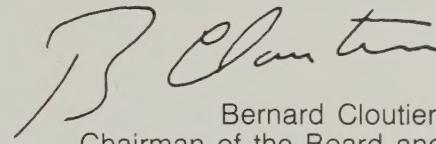
This goal of increasing the use of natural gas has been a matter of policy for Québec for several years; this position was stated in the 1972 document "Les Objectifs d'une Politique Québécoise de l'Énergie" and reaffirmed by several Québec interventions before the National Energy Board namely the 1974 hearings on natural gas supply and demand.

SOQUIP's persistent exploration effort in the gas prone Québec Lowlands falls into step with the Québec objective of increasing the role of natural gas and also constitutes a contribution to the country's energy self-reliance.

Now that SOQUIP has discovered gas in Québec, it is anxious to sell it. The St. Flavien field is only thirty miles from Québec City but the absence of a gas distribution system in that region will delay the use of St. Flavien gas to replace fuel refined from imported oil.

The paradox of having found gas in a province which needs gas but not being able to use it for a lack of infrastructure must be eliminated without delay.

On behalf of the Board,



Bernard Cloutier,  
Chairman of the Board and  
Chief Executive Officer.  
Ste-Foy March 31, 1976

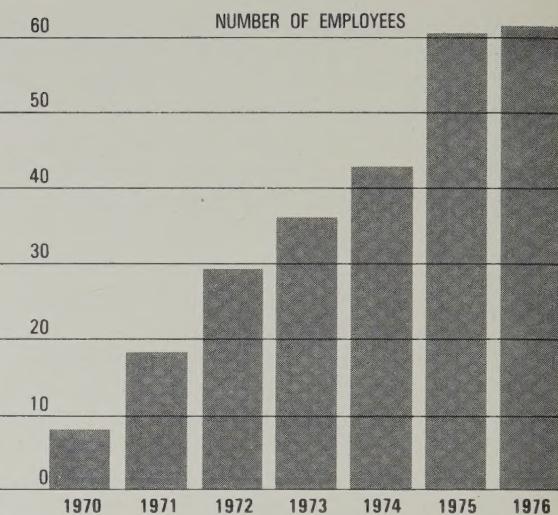
#### ADDENDUM

Although the above statement was written in the spring of 1976, modifications to the presentation of our financial statement have delayed its publication. Please excuse the delay.

March 3, 1977.

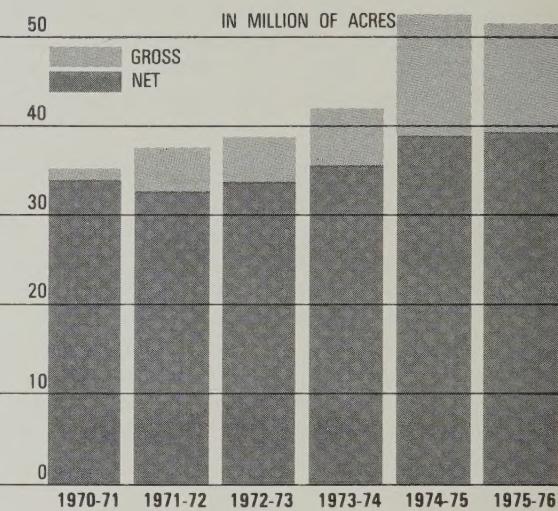
# SOQUIP's staff

As SOQUIP now has a full fledged team comprising experienced professionals of the various branches of petroleum exploration and production, the growth of its staff has levelled off. During the 1975-76 fiscal year, the number of permanent employees increased only from 61 to 63.



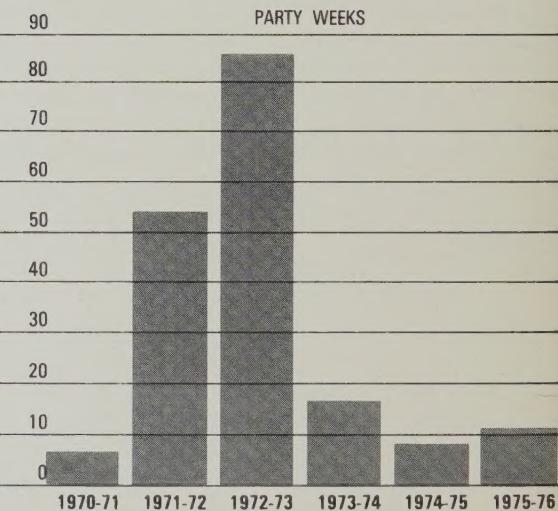
# Land holdings

SOQUIP holds exploration rights with its associates on 58,587,680 gross acres under provincial and federal permits and private leases. Because of the overlapping of certain federal and provincial permits, the real area covered is of 52,361,851 acres. SOQUIP's net land holdings in these areas cover 37,339,557 acres, compared to 38,557,886 acres in the preceding year.



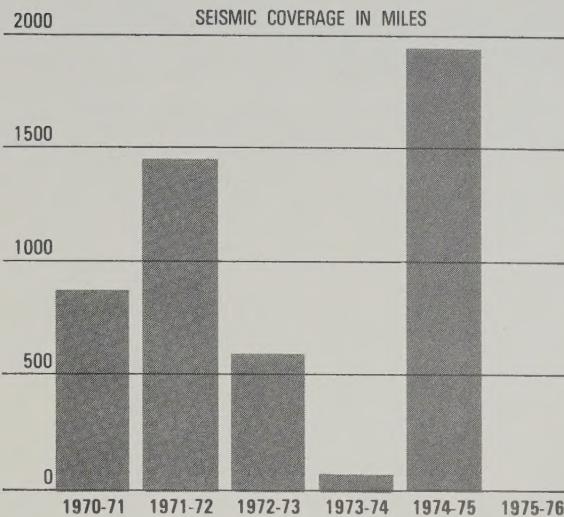
# Field geology

In 1975-76, eleven team-weeks were spent on field surveys, mainly in the St. Lawrence Lowlands, Nova Scotia and the Gaspé Peninsula, compared to eight team-weeks during the preceding year.



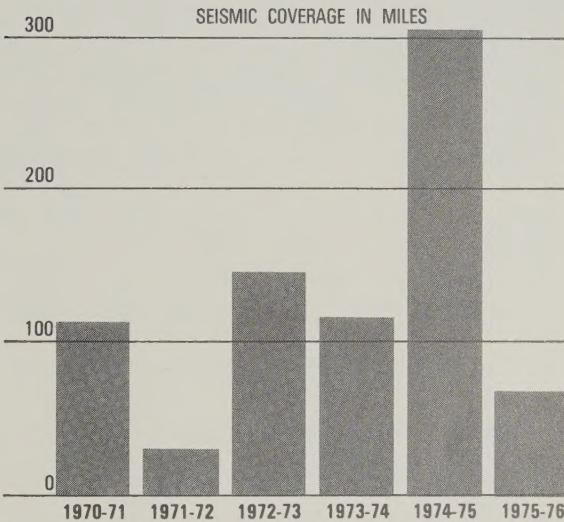
# Marine seismic

SOQUIP did not carry out any offshore seismic in 1975-76, as some 2,000 miles of offshore seismic surveys had been acquired during the preceding year. This year, the principal activity of the geophysicists in charge of SOQUIP's offshore permits was the interpretation of this data.



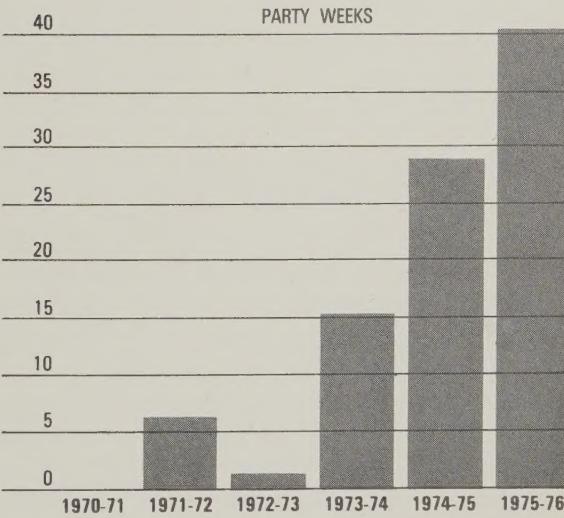
# Land seismic

This year, 70 miles of land seismic surveys were carried out in the Gaspé Peninsula for the purpose of determining the general structural aspect and to establish correlation with the wells drilled in this area. SOQUIP's geophysicists concentrated their efforts on the interpretation of this data and of 300 miles of seismic acquired in 1974-75.



# Well supervision

This year, drilling required 42 weeks of well site supervision. This increase, compared to 29 weeks in the preceding year, was due to the increase in the number of feet drilled by SOQUIP as an operator.



# Drilling

During the year just ended, SOQUIP participated in drilling 27 wells, and was the operator in 7 of them.

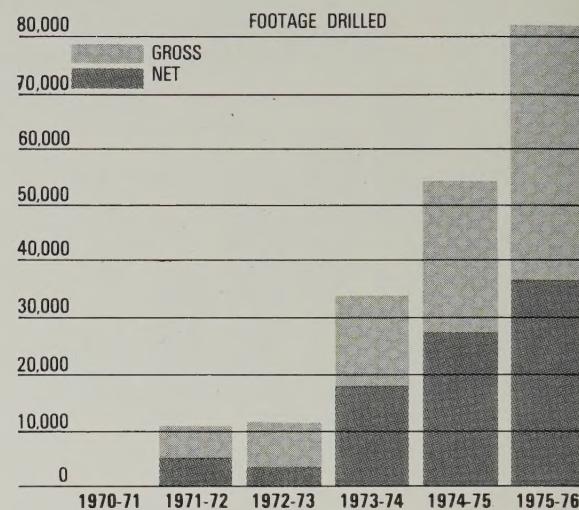
	NUMBER OF FEET DRILLED	NET FEET SOQUIP
SOQUIP et al. Tyrone No. 1 (P.E.I.)	**9166	2292
SOQUIP et al. Les Saules No. 1 (Qué.)	3186	2931
SOQUIP et al. L'Ancienne Lorette No. 1 (Qué.)	3277	3015
SOQUIP, A.C.C. et al. Noel No. 1 (Nova Scotia)	4750	1900
SOQUIP et al. Naufrage No. 1 (P.E.I.)	10188	2547
SOQUIP et al. St-Flavien No. 2 (Qué.)	5960	5960
SOQUIP et al. St-Flavien No. 3 (Qué.)	5888	5888
Murphy Alminex Victoria Island F-36 (Arctic)	**1470	*** 0
FNX et al. La Biche C-30 (Yukon)	**3242	324
DPJ Calso et al. Medicine Hat (Alberta) 6-34-15-5W4	1260	630
DPJ Calso et al. Medicine Hat (Alberta) 6-3-16-5W4	1280	640
DPJ Calso et al. Medicine Hat (Alberta) 6-22-15-5W4	2535	1268
DPJ Calso et al. Medicine Hat (Alberta) 16-22-15-5W4	1160	580
DPJ Calso et al. Medicine Hat (Alberta) 16-34-15-5W4	1405	703
DPJ Calso et al. Medicine Hat (Alberta) 16-3-16-5W4	1480	740
DPJ Calso et al. Medicine Hat (Alberta) 16-23-16-5W4	1445	723
DPJ Calso et al. Medicine Hat (Alberta) 16-10-16-5W4	1490	745
CHIEFCO et al. Chisholm 7-15-69-1W5 (Alberta)	2507	334
Mesa SOQUIP Hotchkiss 6-1-93-2W5 (Alberta)	2589	2589
CHIEFCO et al. Chisholm 6-11-69-1W5 (Alberta)	2578	344
CHIEFCO et al. Chisholm 10-36-68-1W5 (Alberta)	2585	345
CHIEFCO et al. Chisholm 11-35-69-1W5 (Alberta)	2374	316
DPJ Calso et al. Medicine Hat 6-26-15-5W5 (Alberta)	1445	713
Canadian Hunter Todd 11-4-10-2W5 (Alberta)	1832	61
DPJ Calso et al. Medicine Hat 16-26-16-5W5 (Alberta)	1440	720
Imperial et al. Muskiki 4-17-44-20W5 (Alberta)	1650	55

These wells drilled through 80,740 feet of sediments, SOQUIP's net participation being 36,360 feet. Our drilling activities in the Province of Québec and Eastern Canada kept two drilling rigs fully occupied throughout the year, one of 6,000 foot capacity and the other capable of drilling to 14,000 feet sub-surface.

\* Wells now being drilled (Depth as at March 31, 1976).

\*\* Feet drilled during the 1975-76 financial year in wells spudded during the 1974-75 financial year.

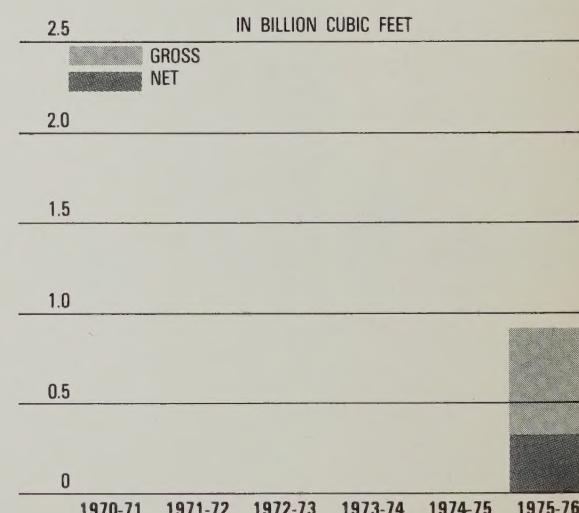
\*\*\* After having contributed to the drilling of this well, SOQUIP did not exercise its option to take an interest in the permits offered by Murphy.



## Production

During the fiscal year, SOQUIP acquired and developed gas fields in Alberta in joint venture with other oil and gas companies. Production which began only in December totalled 900 million cubic feet as of March 31, 1976, of which SOQUIP's share was 350 million cubic feet.

In the Province of Québec, following the completion and the stimulation of the wells drilled in the St. Flavien structure, tests showed the possibility of producing 5 million cubic feet per day if the wells were connected to a gas pipe line. Additional drilling will be required to determine the reserves and the production capacity of the field once it has been developed.

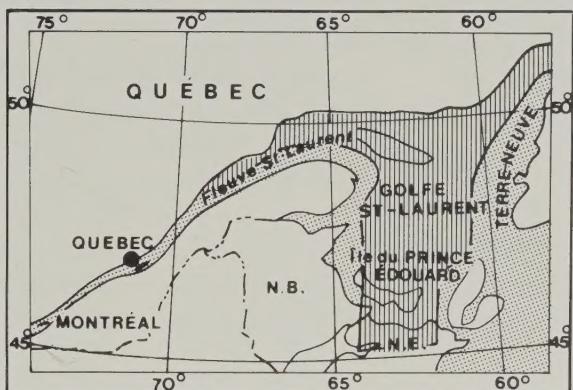


# Regional Summary

A re-evaluation of the sedimentary basins of the Province of Québec and the continued development of SOQUIP's activities outside the Province, has led us to redefine our areas of interest as follows:

- 1) Gulf of St. Lawrence and Maritime Provinces;
- 2) Gaspé Peninsula;
- 3) St. Lawrence Lowlands;
- 4) Western Canadian Provinces;
- 5) Yukon, Northwest Territories and Arctic.

## 1) Gulf of St. Lawrence and Maritimes



### 1.1) LAND HOLDINGS

SOQUIP's gross land holdings: 43,408,714 acres.  
(within Québec) 37,139,275 acres.  
SOQUIP's net land holdings: 33,738,229 acres.  
(within Québec) 32,693,812 acres.

#### 1.1.1) Gulf of St. Lawrence

##### *St. Lawrence Estuary Project*

SOQUIP holds 100% of 28,197,210 acres in this area.

##### *Central Gulf of St. Lawrence Project*

Amoco Canada Petroleum Company Ltd. and SOQUIP held equal shares in 4,789,739 acres in centre of the Gulf. This area covered both federal and provincial rights. Amoco transferred its federal rights on 1,118,095 acres to SOQUIP and retained the provincial rights jointly with SOQUIP on an area, under federal-provincial coverage, of 86,116 acres.

##### *Magdalen Islands Project*

An area of 3,300,00 acres around the Magdalen Islands is held jointly by the Société Acadienne de Recherches Pétrolières Ltée (Texaco Exploration Ltd.) and SOQUIP.

##### *Anticosti Island Project*

On Anticosti Island and off its eastern end, Scurry Rainbow Oil Ltd. (37%), Pan Canadian Petroleum Ltd. (10%) and SOQUIP (53%) hold 852,326 acres under provincial permits. Of this acreage, 533,576 acres are also held under federal permits.

## 1.1.2) Maritimes

### *Prince Edward Island Project*

Following completion of exploration work commenced during the preceding financial year, SOQUIP earned its share in all the permits held by Hudson's Bay Oil and Gas Company Ltd. et al. Interests were at that time as follows:

SOQUIP: 25% HBOG: 25%  
Petrofina: 25% Getty: 12.5%  
Skelly: 12.5%

The Skelly Oil Company withdrew from the group during the financial year and its share was divided between the other partners on a pro rata basis. The interest of the partners is now:

SOQUIP: 28.5714% HBOG: 28.5714%  
Petrofina: 28.5714% Getty: 14.2858%

### *Sydney Offshore Project*

Following an agreement with Francana Oil & Gas Ltd., SOQUIP earned a 5% share in the federal and provincial permits held by Murphy Oil Company Ltd., Husky Oil Operations Ltd., L.L. & E. Canada Ltd., C.N.G. Development Company Ltd. and Francana Oil & Gas Ltd.

The group holds 1,958,400 acres of provincial permits. At the federal permit renewal date, it surrendered 1,428,609 acres and retained its rights on 700,470 acres.

### *Minas and Antigonish Project*

Aquitaine Company of Canada Ltd. and SOQUIP fulfilled the obligations required under a contract with Shawnee Petroleum Company Ltd., and now hold each a 40% share in 126,720 acres in the Minas Basin and a 30% share in 80,640 acres in the Antigonish Basin. Shawnee Petroleum Company Ltd. maintained the balance of 20% in the Minas Basin and 40% in the Antigonish Basin.

Aquitaine and SOQUIP also acquired an equal share in permit 450 covering 60,290 acres.

## 1.2) EXPLORATION

### 1.2.1) Gulf of St. Lawrence

#### *Anticosti Island Project*

Compilation of 757 miles of marine seismic and of the geological data obtained from the onshore has been completed. The results obtained, better define the platform zone and its relation to the Gaspé Peninsula.

## 1.2.2) Maritimes

### *Prince Edward Island Project*

SOQUIP drilled two wells on Prince Edward Island. The purpose was to pinpoint the geological criteria for offshore exploration within the framework of its farm in with the Hudson's Bay Oil & Gas Group. The SOQUIP et al. Tyrone No. 1 well commenced during the 1974-75 financial year, proved to be dry. Total depth of this well was 13 668'. SOQUIP et al. Naufrage No. 1 (TD 10 188') drilled in 1975-76 had gas shows in the Pennsylvanian sandstones but tests proved the sandstones to be tight.

SOQUIP participated in the production tests of the H.B.O.G. Fina East Point E-49 well, drilled in 1970. These tests were encouraging and open new possibilities for the exploration of this basin.

### *Minas and Antigonish Project*

In association with Aquitaine Company of Canada, SOQUIP undertook the drilling of a Mississippian test. The SOQUIP A.C.C. et al. Noel No 1 well confirmed the existence of the structures sought. Reservoirs with gas shows were tested but proved to be water bearing. Other objectives still remain to be evaluated to define the hydrocarbon potential of these regions.

## 2) Gaspé Peninsula



### 2.1) LAND HOLDINGS

SOQUIP's gross land holdings: 1,433,050 acres.

SOQUIP's net land holdings: 1,147,911 acres.

- The Fauvel-Murdochville block now covers 645,850 acres following the acquisition of permit 595. This block is held jointly with Les Développements Aigle d'Or Ltée, and Gulf Oil Canada Ltd. holds royalty rights on permits 228 and 229.

- SOQUIP has modified its territory under permit in the eastern part of the Peninsula and now holds 557,200 acres. It has surrendered permits 412, 413, 466 and 531 covering an area of 93,400 acres to the south, and has acquired permits 600 to 602, 604 and 605 covering an area of 230,000 acres, north of the permits already held. In the event of a discovery on some of these permits, SOQUIP has a royalty burden to Les Pétroles Laduboro Ltée and to Francana Oil and Gas Ltd.

- SOQUIP still holds 230,000 acres south of Rimouski, after surrendering 65,300 acres during the 1975-76 financial year.

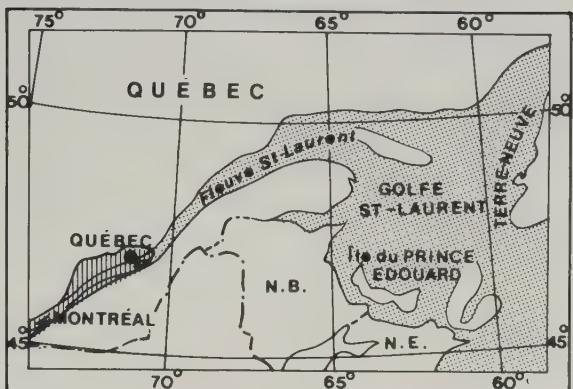
### 2.2) EXPLORATION

- SOQUIP carried out 70.7 miles of reflection seismic in the Gaspé region and 300 miles of seismic acquired during the preceding year were analysed.

- Geological field work was carried out on the Devonian sandstones where oil shows occur.

- Near Murdochville, the SOQUIP Aigle d'Or et al. Gastonguay #1 drilling site, was prepared in participation with Les Développements Aigle d'Or Ltée (Golden Eagle Developments Ltd.) for drilling in the Summer of 1976.

### 3) St. Lawrence Lowlands



#### 3.1) LAND HOLDINGS

SOQUIP's gross land holdings: 2,761,660 acres.

SOQUIP's net land holdings: 2,550,204 acres.

SOQUIP's land holdings are the following:

- SOQUIP holds 2,302,690 acres under provincial permits and some 3,500 freehold leases. About one thousand of these leases were renewed this year. Shell Québec Ltd., Shell Canada Ltd. and Shell Explorers Ltd. are entitled to a royalty on any production from this acreage.
- Sisque Company Ltd. and SOQUIP surrendered 279,500 acres of the permits in the St. Lawrence River. SOQUIP and Sisque retained respective shares of 55% and 45% in the remaining 17,280 acres.
- An area covering 109,730 acres is held jointly with Canada Cities Service Ltd. near the city of Trois-Rivières.
- An area of 80,930 acres, located around the Island of Orléans, is held by SOQUIP, Sisque Company Ltd. and Pan Canadian Petroleum Ltd. The respective working interests are 35%, 35% and 30%.
- SOQUIP and Pan Canadian Petroleum Ltd. hold an area of 77,020 acres in the Québec City region. The respective working interests in this project are 92% and 8% while the Sisque Company Ltd. has retained a royalty on 40,802 acres in this area.
- Permit 514, held by Les Développements Aigle d'Or Ltée (Golden Eagle Developments Ltd.) and SOQUIP, was surrendered, but permit 562, covering an area of 50,000 acres, was renewed, and SOQUIP's share of 25% remains unchanged.
- SOQUIP and Pan Canadian Petroleum Ltd. hold the 46,000 acres of permit 279 on the Island of Orléans with respective shares of 70% and 30%. The Sisque Company Ltd. is entitled to a royalty on this permit.

• A portion of Lake St. Pierre, covered by permit 338 and containing 33,000 acres is held jointly by SOQUIP, Les Pétroles Laduboro Ltée and Canada Cities Service Ltd.

• An area of 30,000 acres on the south shore of Lake St. Pierre under permit 243, is held by SOQUIP and Les Pétroles Laduboro Ltée.

• Sisque Company Ltd. and SOQUIP have a joint holding of 15,010 acres in the western portion of permit 435 in the St. Lawrence River between Charny and Portneuf.

#### 3.2) EXPLORATION

Geophysical work consisted of the continued reinterpretation of seismic data. In addition, seismic tests were carried out using "Mini-Sosie" technology in areas of shallow basement and a 1,223 mile program of high resolution aeromagnetic was carried out in the l'Assomption and Batican regions.

Near Québec City, two 3,200 foot wells, SOQUIP et al. Les Saules No. 1 and SOQUIP et al. Ancienne Lorette No. 1, were drilled to evaluate the basal sandstones. Despite encouraging signs of gas in the wells, production tests after well stimulation, were unsuccessful and the wells were abandoned.

SOQUIP reentered Shell St. Flavien No. 1 and drilled two more wells, SOQUIP et al. St. Flavien No. 2 and SOQUIP et al. St. Flavien No. 3, on the same structure. Stimulation by acid fracturing in these wells, established the gas production potential of two carbonate reservoirs. This important discovery of natural gas offers new encouraging perspectives for all the internal zone of the Lowlands.

Finally, two suspended wells, SOQUIP et al. Villeroy No. 2 and Shell Ste-Françoise-Romaine No. 1 were reworked. Results showed that, subject to further drilling, the fractured shales of the external zone have a sufficient reservoir potential to consider eventual development. The zone extends from Villeroy to St. Hyacinthe.

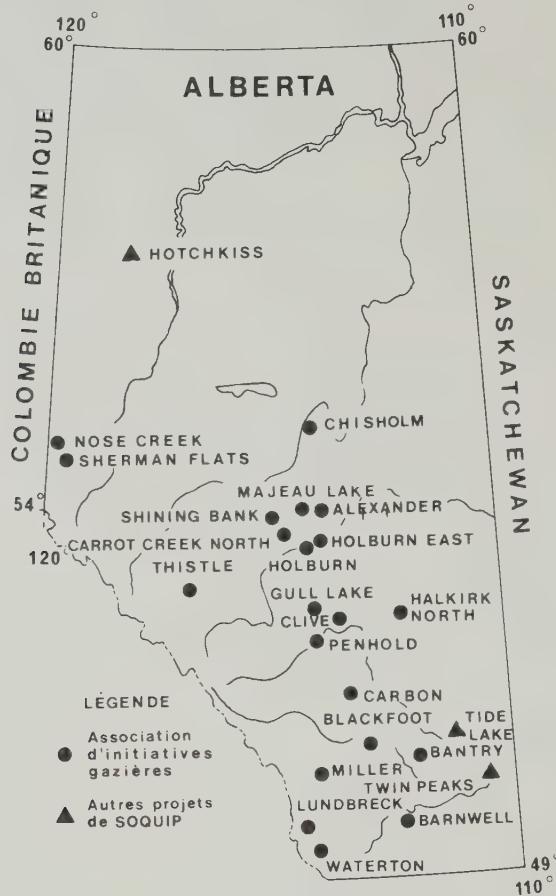
## 4) The Western Canadian Provinces

### 4.1) LAND HOLDINGS

SOQUIP's gross land holdings:  
426,406.95 acres.

SOQUIP's net land holdings:  
28,364.79 acres.

#### 4.1.1) In Alberta



SOQUIP's gross land holdings  
18,800 acres.

SOQUIP's net land holdings:  
3,600 acres.

SOQUIP and Calso Partners of San Francisco participate jointly in 4.8 sections, held by production in the Twin Peaks region.

In February 1975, Prudential Funds Inc. of New York and SOQUIP entered a joint venture involving an area of 11,250 acres in the Tide Lake region in South Eastern Alberta. SOQUIP later withdrew from the joint venture, but retained a 4% royalty on the Tide Lake gas sold to SIDBEC-DOSCO

SOQUIP took a farmout from Mesa Petroleum (N.A.) Company in the Hotchkiss region of Northern Alberta and drilled a well which proved to be dry.

#### Association d'Initiatives Gazières

SOQUIP's gross land holdings:  
343,479.95 acres.

SOQUIP's net land holdings:  
201,522.79 acres.

SOQUIP, Algas Mineral Enterprises Ltd. and Many Islands Pipeline Ltd. formed an equal partnership under the name of Gas Initiatives Venture for the purpose of acquiring and developing gas fields in Alberta. During the year, the Association acquired the assets of Hytech Energy Corporation, consisting of 62,211.95 acres in fifteen prospective areas of Alberta. The Association also took a 10% share in a project operated by Canadian Hunter Exploration Ltd., covering 281,268 acres in six areas of the foothills of the Rocky Mountains.

### 4.1.2) In British Columbia

SOQUIP's gross land holdings:  
64,487 acres.

SOQUIP's net land holdings:  
3,242 acres.

British Columbia permit 1804 is now held by Texas Pacific Oil Company Inc. (95%), and by SOQUIP (5%) as Clark Oil Producing Ltd. withdrew during the year.

## 4.2) EXPLORATION

### 4.2.1) Alberta

SOQUIP-Calso Partners drilled ten shallow wells in the Twin Peaks region in southeastern Alberta. These wells were put on production and the gas is being sold to SIDBEC.

SOQUIP's other activities in this province were through the Gas Initiatives Venture vehicle.

### 4.2.2) British Columbia

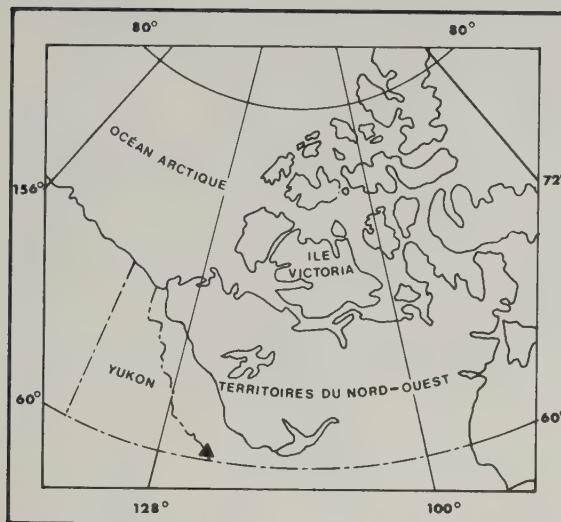
SOQUIP did not participate in any exploration activities in this province during the 1975-76 financial year.

## 4.3) PRODUCTION IN ALBERTA

Natural gas (gross):  
899,379 million cubic feet.

Natural gas (net):  
352,216 million cubic feet.

## 5) Yukon — Northwest Territories and the Arctic



SOQUIP's gross land holdings:  
51,043 acres.

SOQUIP's net land holdings:  
3,570,353 acres.

### 5.1) LAND HOLDINGS

SOQUIP's 20% participation in the costs of the drilling carried out by Fort Norman Exploration Ltd., has earned it a 10% working interest in 17,242 acres on the border between the Yukon and the Northwest Territories. Considering the results of the well, SOQUIP has decided not to exercise its option to participate in further drilling in these lands.

SOQUIP also decided not to exercise its option to acquire an interest in the Murphy Oil holdings in the Arctic, following the Murphy Alminex Victoria Island F-36 well in which it had participated.

### 5.2) EXPLORATION

The FNX et al. La Biche C-30 well in the La Biche area in the Northwest Territories was commenced during the Winter of 74-75 and completed in Winter of 75-76. This two-year span was due to the short drilling season in this region. The 7,200 foot well proved to be dry and was plugged and abandoned at the beginning of 1976.

The well spudded by Murphy on Victoria Island in June 1975, and completed at the beginning of the 75-76 financial year, was also dry and abandoned after reaching a depth of 8,060 feet.

# Balance sheet as at March 31 1976

## ASSETS

**SOQUIP**  
société québécoise  
d'initiatives pétrolières

	1976	1975 (note 2)
<b>SHORT TERM</b>	\$	\$
Cash and short term deposits	2,831,010	—
Accounts receivable	228,421	32,845
Oilfield supplies	439,321	651,055
Suscribed share capital receivable (note 3)	7,500,000	7,500,000
	-----	-----
	10,998,752	8,183,900
	-----	-----
<b>SUSCRIBED SHARE CAPITAL RECEIVABLE</b> (note 3)	45,000,000	52,500,000
	-----	-----
<b>FIXED ASSETS</b> (notes 2 and 4)		
Petroleum and natural gas properties	26,186,645	15,095,888
Others	425,125	295,901
	-----	-----
	26,611,770	15,391,789
	-----	-----
	82,610,522	76,075,689
	=====	=====

Signed on behalf of the board

*B. Clément F. Gérard*  
president secretary

## AUDITOR'S REPORT

In accordance with Section 18 of the charter of the Société québécoise d'initiatives pétrolières - SOQUIP (chapter 36, 1969 statutes and amendments), I have examined the balance sheet of the Company as at March 31, 1976 and the statement of changes in financial position for the year then ended. I have obtained all the information and explanations I have required. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

# LIABILITIES

	1976	1975 (note 2)
<b>SHORT TERM</b>	\$	\$
Accounts payable and accrued charges	916,712	1,075,689
Current on long term loan (note 6)	79,200	—
	<hr/> 995,912	<hr/> 1,075,689
	<hr/> -----	<hr/> -----
<b>LONG TERM</b>		
Prepayment on production (note 5)	1,158,610	
Non recourse bank loan (note 6)	456 000	
	<hr/> 1,614,610	<hr/> -----
	<hr/> -----	

# SHAREHOLDER EQUITY

## CAPITAL STOCK (note 3)

Authorized — 2,000,000 shares of a par value of \$50 each	80,000,000	75,000,000
Suscribed — 1,600,000 shares	<hr/> -----	<hr/> -----
	82,610,522	76,075,689
	<hr/> -----	<hr/> -----

The accompanying notes are an integral part of the financial statements.

As disclosed in the accounting policies described in note 1, the Company is in the exploration stage since its foundation. It capitalizes to oil and gas properties the expenses related to petroleum exploration and its other expenses and deducts therefrom its sundry income. To date the company is deemed to have realized no profit and to have sustained no loss; accordingly, no statement of profit and loss is presented.

In my opinion, subject to such adjustment as would result from failure to recover in the future the amount of \$26,186,645 at which the properties are carried in the balance sheet, these financial statements present fairly the financial position of the company as at March 31, 1976 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after

giving retroactive effect to the modifications in the accounting policies as regards to the accounting of the cost of oil and gas properties mentioned in note 2.

Gérard Larose, c.a.  
Auditor-General.

QUÉBEC, June 11, 1976.

# Statement of changes in financial position

of year ended  
March 31, 1976



	1976	1975 (note 2)
<b>Working capital provided by:</b>	\$	\$
Capital stock	12,500,000	13,500,000
Long term liability	1,717,805	—
	<hr/>	<hr/>
	14,217,805	13,500,000
	<hr/>	<hr/>
<b>Working capital used for:</b>		
Petroleum and natural gas properties		
General and administrative expenses — net	1,029,205	677,079
Less: expenses requiring no cash outlay depreciation of fixed assets	75,446	58,282
	<hr/>	<hr/>
Exploration expenses	953,759	618,797
	<hr/>	<hr/>
Total	10,061,552	6,526,108
	<hr/>	<hr/>
Acquisition of other fixed assets	204,670	272,248
Long term bank loan reimbursement	103,195	900,000
	<hr/>	<hr/>
	11,323,176	8,317,153
	<hr/>	<hr/>
<b>Increase of working capital</b>	2,894,629	5,182,847
<b>Working capital at beginning of year</b>	<hr/>	<hr/>
	7,108,211	1,925,364
<b>Working capital at end of year</b>	<hr/>	<hr/>
	10,002,840	7,108,211
	<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements.

## Notes to financial statements

as at March 31, 1976



### 1. ACCOUNTING POLICY

Petroleum and natural gas properties

The activities of SOQUIP are in the exploration phase and all expenses less other revenues are capitalized; the company is considered to have made neither profit nor a loss; consequently, no statement of profit and loss is presented.

Other fixed assets

Depreciation of other fixed assets is based on the reducing balance method at generally recognized rates.

### 2. CHANGES IN THE ACCOUNTING POLICY DURING THE FINANCIAL YEAR

Petroleum and natural gas properties

The company made the following changes during the fiscal year:

The cost of abandoned projects is now shown as petroleum and natural gas properties rather than as a deficit which was retroactively cancelled to the amount of \$84,049 as of March 31, 1975.

Administrative expenses are now included in petroleum and natural gas properties rather than shown as deferred charges.

Comparative figures for 1975 have been changed to reflect these changes.

### 3. CAPITAL STOCK

During the financial year, the company received \$12,500,000 in payment of 250,000 shares bringing its capital stock subscribed to \$27,500,000 at March 31, 1976. The company will receive \$7,500,000 annually for the next seven financial years in settlement of his subscribed capital stock not fully paid as of March 31, 1976.

This law also authorizes the Minister of Finance to pay the company, in one or more installments before March 31, 1983 and according to its activities and the authorization of Lieutenant-Governor-in-Council the non-subscribed capital stock of \$20,000,000 (400,000 shares).

#### 4. FIXED ASSETS

##### a. Petroleum and natural gas properties

Cost of oil and gas properties comprises:

	Balance at March 31, 1975	Net addition	Transferred to abandoned projects	Balance at March 31, 1976
	\$	\$	\$	\$
Current projects				
Property acquisition	905,968	2,447,486	30,997	3,322,457
Geological operations	719,193	156,130	9,388	865,935
Geophysical operations	3,955,528	505,036	273,988	4,186,576
Drilling	7,544,998	6,460,906	3,092	14,002,812
	<u>13,125,687</u>	<u>9,569,558</u>	<u>317,465</u>	<u>22,377,780</u>
Funds reserved for exploration	<u>—</u>	<u>491,994</u>	<u>—</u>	<u>491,994</u>
	<u>13,125,687</u>	<u>10,061,552</u>	<u>317,465</u>	<u>22,869,774</u>
Abandoned projects				
Property acquisition	13,213		30,997	44,210
Geological operations	15,068		9,388	24,456
Geophysical operations	55,768		273,988	329,756
Drilling	—		3,092	3,092
	<u>84,049</u>		<u>317,465</u>	<u>401,514</u>
General and administrative expenses less miscellaneous income				
General and administrative expenses	<u>2,646,010</u>	<u>1,284,449</u>		<u>3,930,459</u>
Less:				
Net financial income	667,745	26,765		694,510
Net revenues of natural gas sales		171,943		171,943
Miscellaneous income	<u>92,113</u>	<u>56,536</u>		<u>148,649</u>
	<u>759,858</u>	<u>255,244</u>		<u>1,015,102</u>
	<u>1,886,152</u>	<u>1,029,205</u>		<u>2,915,357</u>
	<u>15,095,888</u>	<u>11,090,757</u>		<u>26,186,645</u>

##### b. Other fixed assets

		1976	1975
		\$	\$
Cost		628,588	423,918
Accumulated depreciation		<u>203,463</u>	<u>128,017</u>
		<u>425,125</u>	<u>295,901</u>

#### 5. ADVANCES REFUNDABLE ON PRODUCTION REVENUES

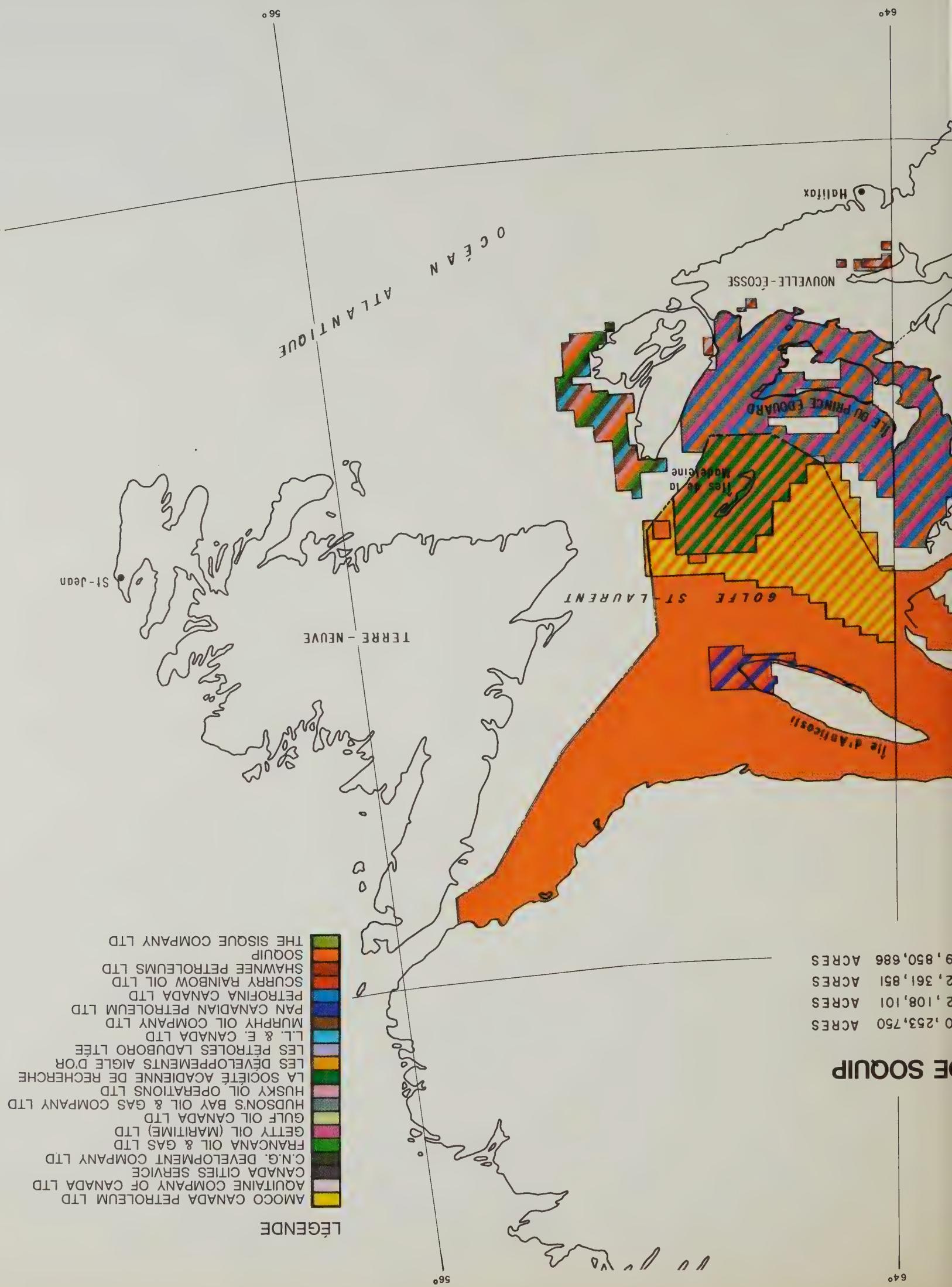
These advances bear no interest and are payable only by revenues from gas production resulting from investments financed by these advances.

#### 6. NON RE COURSE BANK LOAN

This non recourse bank loan, guaranteed by certain oil and natural gas properties, is payable only by the revenues from the gas production of these properties and in no way involves the company's corporate credit.

#### 7. DEFICIT

	1976	1975
	\$	\$
Balance at beginning of year	84,049	82,008
Adjustment (note 2)		
Abandoned projects transferred from deficit to petroleum and natural gas properties at cost	<u>(84,049)</u>	<u>(82,008)</u>
	<u>—</u>	<u>—</u>





## 7. DEFICIT

Redressement (note 2)	
Solde au début de l'exercice	
\$ 82,008	
\$ 84,049	
1976	(84,049)
	(82,008)

Le cout du domaine minier comprend:

a. Domaine minier — pétrole et gaz naturel

Le cout du domaine minier comprend:

a. Domaine minier — pétrole et gaz naturel

## 4. IMMOBILISATIONS

Le cout du domaine minier comprend:	
a. Domaine minier — pétrole et gaz naturel	
Projets d'exploration en cours	
Acquisitions des droits	
Travaux géologiques	
3,955,528	
4,186,576	
505,036	
9,388	
156,130	
719,193	
905,968	
Acquisitions des droits	
Travaux géologiques	
3,322,457	
2,447,486	
30,997	
\$ 865,935	
\$ 9,388	
\$ 156,130	
\$ 719,193	
Acquisitions des droits	
Travaux géologiques	
1,225,687	
Fonds réservés pour fins	
Travaux de forage	
7,544,998	
6,460,906	
3,092	
273,988	
4,186,576	
505,036	
9,388	
156,130	
719,193	
Acquisitions des droits	
Travaux géologiques	
13,125,687	
Fonds réservés pour fins	
Travaux de forage	
14,002,812	
22,377,780	
317,465	
491,994	
10,061,552	
d'exploration	
Projets d'exploration	
Acquisitions des droits	
Travaux géologiques	
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**Sûquip**  
Société québécoise d'initiatives pétrolières

Le 31 mars 1976  
de l'exercice terminé

**Financiers aux états affréentés Notes**

Le 31 mars 1976  
de l'exercice terminé

**Etat de l'évolution de la situation financière**

Le déficit de \$84,049 au 31 mars 1975.  
Le résultat net a entraîné l'annulation du  
déficit. Ce changement apporte en effet  
une diminution portée au domaine minier plus  
le coût des projets abandonnés est  
suivants au cours de l'exercice:

La Société a appor   les changements  
domaine minier — p  role et gaz naturel

## 2. CHANGEMENTS DANS LES CONVENTIONS COMPTABLES AU COURS DE L'EXERCICE

Le amortissement des autres immobilisa-  
tions est calcul   selon la m  thode du solde-  
d  gressif aux taux g  n  ralement reconnus.  
L'amortissement des autres immobilisa-  
tions est calcul   selon la m  thode du solde-  
d  gressif aux taux g  n  ralement reconnus.

Autres immobilisations

aucun   tat de revenus et d  penses n'est  
prot  ti ni subi aucun p  te; en cons  quence,  
Soci  t est consid  r  e n'avoir r  alis   aucun  
les d  vers revenus soit capitalis  es; la  
l'exploration et toutes les d  penses moins  
les activités de Sûquip sont au stade de  
Domaine minier — p  role et gaz naturel

## 1. CONVENTIONS COMPTABLES

en font int  gralement partie.

Les notes aff  r  n  t aux   tats financiers

## Fonds de roulement    la fin de l'exercice

## Fonds de roulement au d  but de l'exercice

## Augmentation du fonds de roulement

Remboursement de la dette    long terme  
Acquisitions d'autres immobilisations  
Fonds utilis  s pour le domaine minier

Projets d'exploration

Moins: d  penses ne requi  rent pas de d  bours  s —  
Frais g  n  raux et administratifs — nets  
Domaine minier — p  role et gaz naturel  
Utilisation du fonds de roulement

Dettes    long terme  
Capitaux-actions  
Provenance du fonds de roulement

58,282	75,446	amortissement des immobilisations
618,797	953,759	Projets d'exploration
6,526,108	10,061,552	Fonds utilis��s pour le domaine minier
7,144,905	11,015,311	Acquisitions d'autres immobilisations
272,248	103,195	Remboursement de la dette �� long terme
8,317,153	11,323,176	Fonds utilis��s pour le domaine minier
5,182,847	2,894,629	Moins: d��penses ne requi��rent pas de d��bours��s —
1,925,364	7,108,211	Frais g��n��raux et administratifs — nets
7,108,211	10,002,840	Domaine minier — p��role et gaz naturel
7,108,211	7,108,211	Utilisation du fonds de roulement

1976

(note 2)

\$

\$

1975

(note 2)

\$

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1975

Tel que mentionné aux conventions comptables décrites à la note 1, la Société est au stade de l'exploration depuis sa création. Elle capte laissé au domaine minier les frais relatifs à l'exploration pétrolière ainsi que ses autres frais et elle en déduit les divers revenus. À date, la Société est conséquemment n'avoir réalisé aucun profit ni subi aucune perte; en conséquence, aucun état de revenus et dépenses n'est présenté.

A mon avis, sous réserve des redressements qu'il pourraient être rendus si le montant de \$26,186,645 montre au bilan pour le domaine minier ne pouvait être recouvré par les opérations futures, ces états financiers présentent fidèlement la situation financière de la Société au 31 mars 1976, ainsi que les résultats de ses opérations et l'évolution de sa situation financière pour l'exercice terminé à cette date, conformément aux principes comptables généralement reconnus, lesquels ont été appliqués.

Les notes différentes aux états financiers en font intégralement partie.

A COURT TERME		A LONG TERME		A VOIR DE L'ACTIONNAIRE		CAPITAL-ACTIONS (note 3)	
1975	1976	1,075,689	995,912	Comptes à payer et frais courus	Versements sur dette à long terme (note 6)	AVances remboursables sur production (note 5)	Emprunt bancaire sans recours (note 6)
		1,075,689	916,712	1,158,610	456,000	1,614,610	1,600,000 actions
		1,075,689	995,912	1,158,610	456,000	1,614,610	de \$50 chacune
		1,075,689	995,912	1,158,610	456,000	1,614,610	Autorisé — 2,000,000 d'actions d'une valeur nominale
		1,075,689	995,912	1,158,610	456,000	1,614,610	Souscrit — 1,600,000 actions
		1,075,689	995,912	1,158,610	456,000	1,614,610	75,000,000
		1,075,689	995,912	1,158,610	456,000	1,614,610	82,610,522
		1,075,689	995,912	1,158,610	456,000	1,614,610	76,075,689

En vertu de l'article 18 de la charte de la SOGQUIP (chapitre 36 des lois de 1969 et modifiées), j'ai examiné le bilan de cette Société au 31 mars 1976 ainsi que l'état de l'évolution de la situation financière de l'exercice terminé à cette date. J'ai obtenu toutes les renseignements et les explications que j'ai demandées. Mon examen a com- posé une revue générale des procédures comptables ainsi que les sondages des régisitres comparables et autres preuves à appui que j'ai jugées nécessaires dans les circonstances.

## RAPPORT DU VERIFICATEUR

Brigitte au nom du conseil d'administration  
Président secrétaire

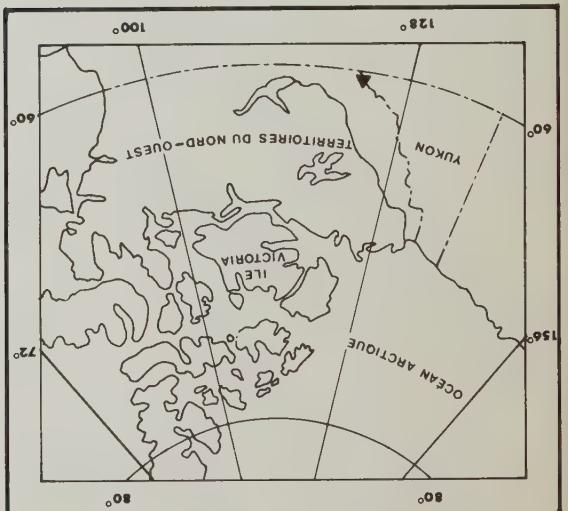
ACTIF		SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES	
1976		1975	
Encaisse et dépôts à terme	\$ 2,831,010	Comptes à recevoir	\$ 228,421
		Stocks de matériel de forage — au coût	\$ 439,321
		Capital-actions souscrit à recevoir (note 3)	\$ 7,500,000
		Capital-actions souscrit à recevoir (note 3)	\$ 8,183,900
CAPITAL-ACTIONS SOUSCRIT À RECEVOIR (note 3)	\$ 45,000,000		
IMMOBILISATIONS (notes 2 et 4)			
Domaine minier — pétrole et gaz naturel			
Autres			
26,611,770			
15,391,789			
295,901			
15,095,888			
425,125			
26,186,645			
15,075,689			
82,610,522			
15,391,789			

Suite à sa participation de 20% aux coûts d'un forage exécuté par Fort Norman Exploration Inc., SOQUPIP a gagné une participation de 10% dans une superficie de 17,242 acres sur la frontière entre le Yukon et les Territoires du Nord-Ouest. Compte tenu des résultats du forage, SOQUPIP a choisi de ne pas lever l'option de participer au forage d'autres puits dans ces terrains. SOQUPIP a aussi décidé de ne pas lever l'option de participer dans les terrains de Murphy Oil sur l'île Victoria après le forage du puits F-36 dans lequel elle a participé.

Le forage du puits FNX et al. La Biche C-30 dans la région de La Biche, Territoires du Nord-Ouest, a été exécuté au cours de l'hiver 74-75 et de l'hiver 75-76 à cause de la courte période de circulation en forêt dans ces régions. Le puits s'estant avéré sec a été abandonné à 7,200 pieds au début de 1976. Le puits commence par Murphy sur l'île Victoria en juin 1975 et termine au début de l'exercice 75-76 étant également non producteur à être obturé et abandonné à 8,060 pieds.

## 5.2 EXPLORATION

Domaine minier brut de SOQUPIP: 51,043 acres. Domaine minier net de SOQUPIP: 3,570,353 acres.



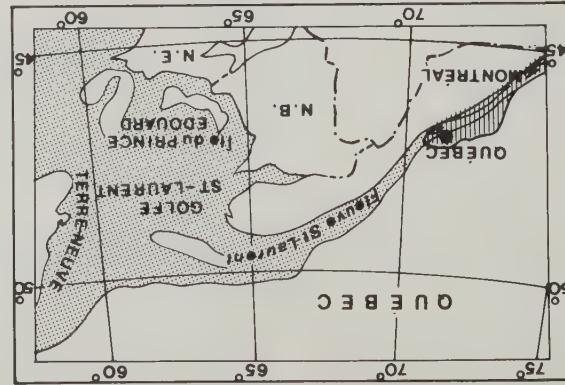
5) Yukon — Territoires du Nord-Ouest et Arctique



### 3.2) EXPLORATION

- Une partie du Lac St-Pierre, couverte par une partie de permis 338 et comprenant 33,000 acres est détenue conjointement par SOQUIP, Les Petroles Laduboro Ltée et Canada Cities Service Ltd.
- Une superficie de 30,000 acres sur la rive sud du Lac St-Pierre sous le permis 243 est détenue par SOQUIP et Les Petroles Laduboro Ltée.
- Sisquue Company Ltd. et SOQUIP détiennent conjointement 15,010 acres de la partie ouest du permis 435 qui s'étend dans le sud-ouest du Laurentide Charney et Portneuf.

### 3.1) DOMAINE MINIER



### 3) Les Basses-Terres du Saint-Laurent



## 2.1) DOMAINE MINIER

Domaine minier brut de SOQUEIP:

1,433,050 acres.

Domaine minier net de SOQUEIP:

1,147,911 acres.

Le bloc Faivel — Murdochville recouvre

645,850 acres suite à l'acquisition

maintenant 557,200 acres. Elle a abandonné

mis dans l'est de la péninsule où elle détient

604 et 605 d'une superficie de 230,000

acres située au nord des permis déjà dé-

tenus. En cas de découverte sur certains

permis SOQUEIP devra payer une

redevance à la compagnie Les Petroles

Reduboro Ltee et à Francana Oil &

Gas Ltd.

• SOQUEIP détient encore 230,000 acres au

sud de Rimouski, suite à l'abandon de

65,300 acres au cours de l'exercice 1975-76.

• SOQUEIP procéde à l'acquisition de 70,7

millés de sismique de type réflexion dans

la région de Gaspé et les 300 milles de lèves

laissées acquises au cours de l'année pré-

cedente ont été interprétées.

• Des travaux de géologie de terrain furent

effectués dans les grès du Devonien qui

présentaient des indices pétroliers.

• Près de Murdochville, le site du forage

SOQUEIP Aigle d'Or et al. Gastonguay No 1 a

été aménagé en vue des opérations de fo-

rage prévues pour l'été 1976, en participant à

la campagne en vue des opérations de fo-

rage avec les Développements Aigle

d'Or. Ltee.

Principe Édouard afin de préciser les paramètres géologiques pour l'exploration en mer, dans le cadre de son affrètement avec le groupe Hudson's Bay Oil & Gas. Le puits SOQUEIP et al. Tyrone No 1, dont la profondeur totale atteint 13 668', (déjà en cours de forage lors de l'exercice 1974-75) a atteint 1 188', a donné des résultats assez avérés. Le puits SOQUEIP et al. Naufrage No 1 (10 188') a donné des résultats assez avérés. Le puits SOQUEIP et al. E-49, foré en 1970. Ces essais se sont avérés encourageants et nous ont permis de rentrer dans le nouveau possibles connexions. En collaboration avec Aquitaine Company of Canada, SOQUEIP a entrepris le forage d'une structure du Mississippien. Le puits SOQUEIP A.C.C. et al. No 1 a confirmé l'existence des structures recherchées. Des réservoirs avec indices de gaz futent mis à l'essai et s'avèrent saturés d'eau mais d'autres objectifs restent encore à évaluer pour définir le potentiel pétrolier de ces régions.

SOQUEIP a participé aux essais de projets de recherche et développement de ces réservoirs et nous ont permis de rentrer dans le nouveau possibles connexions. En collaboration avec Aquitaine Company of Canada, SOQUEIP a entrepris le forage d'une structure du Mississippien. Le puits SOQUEIP A.C.C. et al. No 1 a confirmé l'existence des structures recherchées. Des réservoirs avec indices de gaz futent mis à l'essai et s'avèrent saturés d'eau mais d'autres objectifs restent encore à évaluer pour définir le potentiel pétrolier de ces régions.

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## 1.2.2) Les Maritimes

### 1.2.2.1) Le Prince Édouard

SOQUEIP a foré deux puits sur l'île du Prince Édouard afin de préciser les paramètres

géologiques pour l'exploration en mer, dans le cadre de son affrètement avec le groupe Hudson's Bay Oil & Gas. Le

puits SOQUEIP et al. Tyrone No 1, dont la

profondeur totale atteint 13 668', (déjà en

cours de forage lors de l'exercice 1974-75)

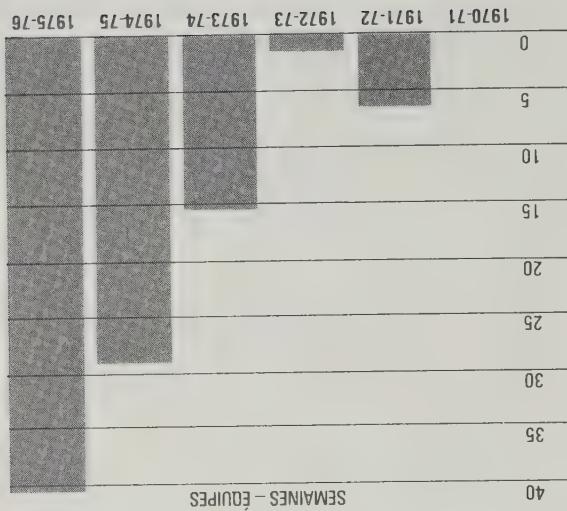
a atteint 1 188', a donné des résultats assez avérés. Le puits SOQUEIP et al. Naufrage No 1 (10 188') a donné des résultats assez avérés. Le puits SOQUEIP et al. E-49, foré en 1970. Ces essais se sont avérés encourageants et nous ont permis de rentrer dans le nouveau possibles connexions. En collaboration avec Aquitaine Company of Canada, SOQUEIP a entrepris le forage d'une structure du Mississippien. Le puits SOQUEIP A.C.C. et al. No 1 a confirmé l'existence des structures recherchées. Des réservoirs avec indices de gaz futent mis à l'essai et s'avèrent saturés d'eau mais d'autres objectifs restent encore à évaluer pour définir le potentiel pétrolier de ces régions.





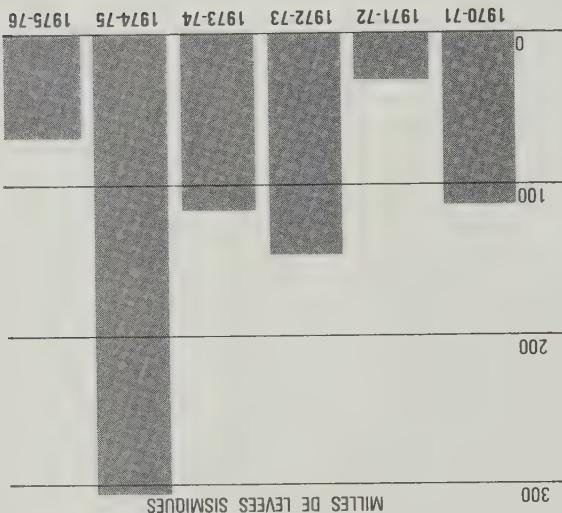
# supervision de l'eau

Cette année, la supervision des forages a accroissement du temps géologique de sonde. Cet requis 42 semaines de géologie de sonde. Ces 29 semaines l'année précédente est dû à l'augmentation du nombre de pieds forés par SOQUP en tant qu'opérateur.



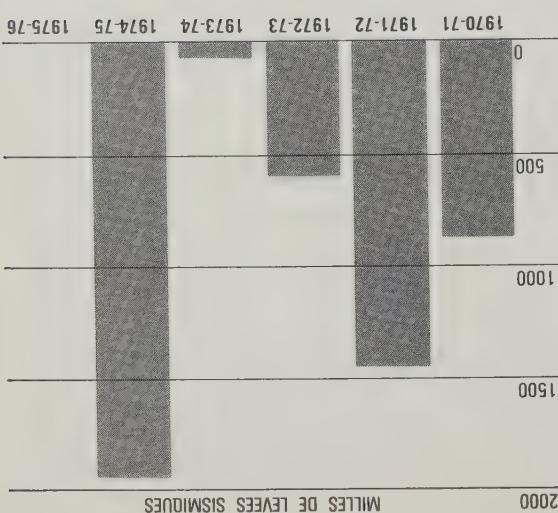
# l'humidité terrestre

Cette année, 70 milles de sismique terrestre de reconnaissance ont été effectuées sur la péninsule de Gaspé en vue de déterminer l'allure générale des structures et établir des corrélations avec les structures déjà existantes dans cette région. Les géophysiciens ont concentré leurs efforts sur l'interprétation de ces données et des 300 milles acquis en 1974-75.



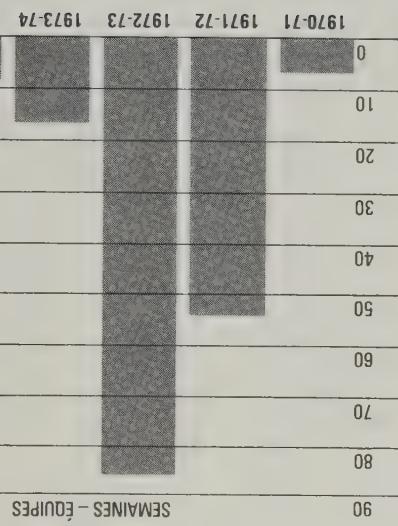
# l'humidité marine

En 1975-76, SOQUP n'a pas mené de campagne sismique marine, car environ 2,000 milles de levées sismiques avaient été effectuées principalement dans les zones affectées aux périodes de ces données à être l'activité principale des géophysiciens cette année.



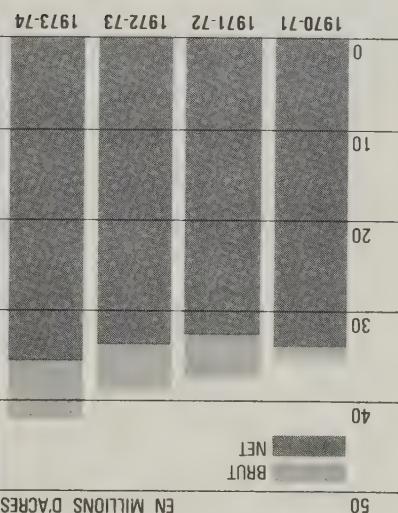
## Géologie de terrain

En 1975-76, onze semaines-équipes ont été consacrées à des études de terrain principalement dans les Basses Terres du St-Laurent, la Nouvelle-Ecosse et la Péninsule de Gaspé, en regard de 8 semaines-équipes durant l'année précédente.



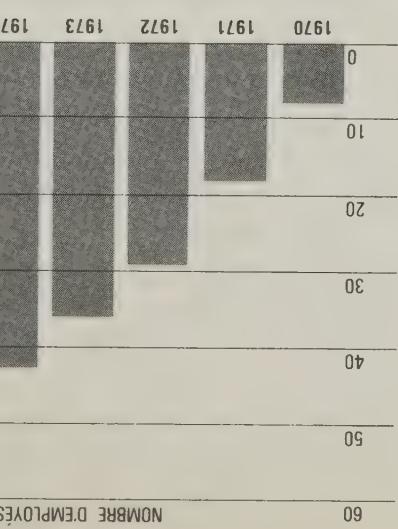
## Damaine Miner

SOGQUIP détient avec ses associés des droits d'exploration sur 58,587,680 acres brutes de terrains provinciaux, fédéraux ou de baux privés. Tenant compte de la superposition de permis provinciaux, fédéraux ou de baux privés. SOGQUIP détient avec ses associés des droits de SOQUPP dans ces territoires est de 38,557,886 acres l'année précédente.



## Effetifs de SOGQUIP

SOGQUIP étant dotée maintenant d'une équipe complète maintenant des professions de toutes les spécialités de l'exploration et de la production pétrolières, l'évolution de ses effectifs se stabilise. Le nombre d'employés permanents passe de 61 à 63 au cours de l'exercice 1975-76.



Le texte ci-dessus a été redigé au printemps 1976, mais la modélisation de la présentation des états financiers en a retardé la publication. Nous vous prions d'excuser ce retard.

## ADDENDA

Au nom du Conseil d'Administration,  
Bernard Cloutier,  
Président Directeur Général  
Ste-Foy, 31 mars 1976

Ce paradoxe d'avoir découvert du gaz dans une province qui en a grandement besoin mais de ne pas pouvoir l'utiliser, faute d'infrastructure, doit être éliminé dans les plus brefs délais.

Maintenant que SOQUIP a découvert du gaz naturel au Québec, elle a hâte de le commercialiser. Le gisement de St-Flaiven n'est qu'à trente milles de Québec mais l'absence d'un réseau de distribution dans cette région retarder l'utilisation du gaz de St-Flaiven pour remplacer des combustibles fossiles dans cette région. Le rôle de SOQUIP est de développer une technologie qui permet de convertir le gaz naturel en éthanol et de le vendre à des prix compétitifs.

L'effort persistant d'exploration de SOQUIP dans les Basses Terres gazéifères du Saint-Laurent va dans le sens de l'objectif qu'obéit-  
cette dernière qui contribue à l'autonomie  
de notre nation dans le domaine des énergies.

A notre point de vue, la disponibilité du gaz canadien dans les marchés canadiens devrait avoir priorité sur les exportations, surtout dans les cas où le prix du pétrole est élevé dans les marchés canadiens. De plus, les exportations pourraient entraîner une dépendance excessive du Canada. D'autre part nous ne voyons pas les avantages d'exporter des BTU gaz à un prix inférieur au coût livré des BTU im-

La structure des prix du gaz vendu aux divers consommateurs canadiens devrait être telle que le gaz soit compétitif, au niveau du brûleur, par rapport aux divers produits pétroliers qu'il pourrait remplacer, pour que des milliers de décisions individuelles soient prises de changer du pétrole au gaz. Elle devrait aussi fournir une certaine stabilité aux producteurs pour les motivés à accélérer le développement des gisements connus, particulièrement à ce moment-ci pour augmenter la capacité de production de ces gisements jusqu'à ce que des quantités suffisantes de gaz des frontières deviennent disponibles dans les marchés gaziers.

Nous sommes conscients qu'une subs-titution accélérée vers le gaz naturel va créer certains problèmes, mais nous croyons qu'une nouvelle orientation vers le gaz devrait être clairement définie et qu'il conviendrait d'aborder les difficultés relatives à la structure tarifaire, à la disponibilité du gaz et aux des prix, à la distribution de gaz et aux équipements de transport et de distribution.

# Message du président

En sa sixième année, SOQUIP a réalisé ses premières ventes d'hydrocarbures et a annoncé une découverte de gaz naturel au Québec.

Nous sommes d'avions avec une politique d'aéronautique qui a été vigoureusement soutenue par le secteur des industries aéronautiques pour ajuster nos besoins en énergie en rapport avec un accroissement la part du bilan énergétique canadien. Accélérer la tendance à l'accrue du gaz dont la consommation a été de 26% en 1975.

Mise à part l'hydro-électricité qui a l'avantage à consécutivement de être renouvelable, l'hydroélectricité des ressources canadiennes, sur lesquelles nous devrions compter en priorité dans les décentralisées à venir, révèle des services d'énergie sensiblement meilleurs que les services d'énergie hydrocarbure actuelle. Les gâches sous la forme de gaz et sous la forme de pétrole, tant dans la catégorie acuelle que dans la catégorie à terme ( $185 \times 10^{15}$  BTU de pétrole probable vs  $53 \times 10^{15}$  BTU de gaz probable et probable vs  $180 \times 10^{15}$  BTU de gaz de gaz des frontières vs  $180 \times 10^{15}$  BTU de pétrole synthétique).

Cependant, nous devons constater cette équivalence des ressources d'énergie, le Canada extrait de son sol chaque année deux fois plus d'énergie pétrole ( $4.3 \times 10^{15}$  BTU) que d'énergie gaz ( $2.4 \times 10^{15}$  BTU) que depuis 1970 le taux annuel moyen de production d'énergie pétrole ( $0.7 \times 10^{15}$  BTU) couvre le taux de découvertes d'énergie pétrole (3.5  $\times 10^{15}$  BTU). Il existe un cinquième du taux de découvertes que résulte nos réserves de pétrole baissent alors que celles de gaz augmentent.

Malgré cela, les canadiennes continuent à consommer trois fois plus d'énergie pétrole (3.8  $\times 10^{15}$  BTU) que d'énergie gaz ( $1.4 \times 10^{15}$  BTU).

L'analyse statistique des ressources pétrolières mondiales, du taux de découverte de nouveaux gisements et de la demande pétrolière probable de l'avenir indique que la disponibilité du pétrole sur les marchés assurée que le laisserait croire l'excédent actuel de l'offre sur la demande dans ces marchés. Divers auteurs présentent une telle vision dans une dizaine d'années. En fait, le dernier document d'orientation du Gouvernement fédéral intitulé « Une Stratégie de l'énergie pour le Canada » qui traite des prochaines quinze années, présente la réduction des importations de pétrole et insiste sur l'importance pour le Canada de conserver ses priorités sur ses propres ressources d'énergie, lesquelles devront être utilisées avec parcimonie grâce à un effort de conservation approfondie.

Province. Ce gaz naturel sera acheté au Québec pour servir les besoins de l'aciérie de SIDBEC à Contrecoeur. Villeroy près de la ville de Québec sont le premier résultat concrét d'un long effort d'exploration des bassins sédimentaires du Québec ou SOQUIP a investi lessentiel de ses ressources depuis sa création, soit plus de 17 millions de dollars en regard des sommes de 5 et de 1.5 millions qu'elle a engagées dans les Maritimes et dans l'Ouest canadien.

Les premiers revenus de production de SOUP qui ne sont que de \$143,000 cette année proviennent des recettes activités de la Société en Alberia. Ces revenus modestes vont contribuer au futur et à mesure que nos gisements gazéifères alberaines seront développés afin de donner un rendement intéressant sur le capital investi dans cette province. Ce gaz naturel sera schémé au Québec pour satisfaire les besoins de l'aciérie de SIDBEC à Contrecoeur.

serieux inconvenients à court et moyen terme en ce qui a trait principalement à la balance commerciale du Canada et à la possibilité d'un nouvel embargo sur le pétrole OAPE. En outre la réduction des importations canadiennes de pétrole contribuerait une contribution aux efforts de l'Agence internationale de l'énergie.

Société Québecaise d'Initiatives Petrolières.  
Many Islands Pipe Line Ltd.  
Algash Mineral Enterprises Ltd.

## Associations d'initiatives gazières

Siebenes Oil & Gas Ltd.  
Shell Quebec Ltée  
Shell Explorers Ltd.  
Shell Canada Ltd.  
Pan Ocean Oil Ltd.  
H. Westmore Consulting Ltd.  
Les Explorations Terra Nova Ltée  
Dynafla Oil & Gas Co. Ltd.  
Consolidated Developments Ltd.  
Consolidated Batherust Ltd.  
Canadeen Resources Ltd.  
Baramy Investments Ltd.  
Aenco Exploration Ltd.

## Associés par redevance

Texas Pacific Oil Company Ltd.  
Pétrolière Ltée (Texaco Exploration Ltd.)  
Société Académie de Recherche  
Sisquie Company Ltd.  
Shawnee Petroleum Ltd.  
Scurry-Rainbow Oil Ltd.  
Resolute Petroleum Ltd.  
Prairie Fund Inc.  
Les Petroles L'aduboro Ltée  
Petrofina Canada Ltd.  
Pan Mackenzie Petroleum Ltd.  
Murphy Oil Company Ltd.  
L.L. & E. Canada Ltd.  
Kerr McGee of Canada Northwest Ltd.  
Husky Oil Ltd.  
Hudson's Bay Oil & Gas Co. Ltd.  
Getty Oil (Maritime) Ltd.  
Francanna Oil & Gas Ltd.  
Foot Norman Exploration Inc.  
Les Developments Algile d'Or Ltée  
CNG Development Company Ltd.  
Clark Oil Producing Ltd.  
Cessland Corporation Ltd.  
Canada Cities Service Ltd.  
Calso Partners Ltd.  
Augodome Corporation Ltd.  
Aquitaine Company of Canada Ltd.  
Aenco Canada Petroleum Company Ltd.

## Associés en opérations conjointes

Québec: rapport d'opérations aux associés  
Samson, Belair, Côte, Lacroix & Associés,  
Québec: bilan  
Bureau du vérificateur Général,

## Vérificateurs

## Conseillers juridiques

jacques Rochette, é.a., Québec  
Westburre Petroleum Services Ltd., Calgary  
Van Poolen & Associates, Denver  
Thorneton Engineering Ltd., Calgary  
Last & Kloepper Ltd., Calgary  
Grant Timble Engineering Ltd., Calgary  
Cole Engineering Ltd., Calgary  
du Petrole, Paris  
coopérative de l'Institut Français  
Bureau d'études industrielles et de

## Consultants techniques

Jean De Grasse — Achats et équipement  
jacques Charpentier — Compétitivité  
Gilles Dion — Dessin  
France Béaulieu — Documentation  
André Vallancourt — Opérations  
Claude Bertrand Anger — Géophysique  
Dr Frédéric Van Oyen — Géologie  
Frank Aubin — Domaine Minier

## Chefs de service

Exploration et de la production  
jacques Planté — Directeur de  
techniques et administratives  
Fernand Girard — Directeur des services  
Bertrand Cloutier — Directeur Général

## Directeurs

Jacques Fortier — Administrateur  
André Mater — Administrateur  
Fernand Girard — Secrétaire  
Bertrand Cloutier — Président  
Jacques Delisle — Administrateur

## Administrateurs





AR21

1975-76  
Rapport Annuel

SUGUIP